

ECONOMIC INTELLIGENCE COMMITTEE

Control No. 487909
EIC-M-74
31 July 1958

Minutes of Meeting Held in
Room 1121, Temporary "M" Building
26th and Constitution Avenue, Northwest

31 July 1958

PRESENT:

25X1A Dr. Otto E. Guthe, Chairman

[REDACTED] Vice Chairman

Mr. Bennett V. S. Davis, Department of the Navy

Mr. John W. Easton, Joint Staff (of JCS)

Mr. J. Bruce Hamilton, Department of State

Mr. Kingsley W. Hamilton, Department of the Air Force

* Mr. J. Duncan Holmes, Department of the Army

Dr. Wilhelm Anderson, Department of Agriculture

Mr. Robert Finley, Office of Defense Mobilization

Dr. Norris G. Kenny, Office of the Secretary of Defense

25X1A Mrs. Wilhelmina L. Seccombe, International Cooperation Administration

Mr. Robert Simpson, Department of Commerce

Mr. George H. White, Department of Commerce

[REDACTED] CIA

[REDACTED] CIA

[REDACTED] CIA

[REDACTED], EIC/S

[REDACTED] Executive Secretary

APPROVAL OF MINUTES:

1. The Minutes of the EIC meeting of 5 June (EIC-M-72) were approved. The Minutes of the 23 and 24 July EIC meeting (EIC-M-73) were approved, and the Chairman announced that the text of the EIC contribution to the IAC Annual Report on the Status of Foreign Intelligence Program would be issued separately as EIC-D-310/2.

ANNOUNCEMENTS BY THE CHAIRMAN:

2. The Chairman expressed his appreciation to the EIC members for their cooperation at the 23 and 24 July meeting in producing a coordinated statement for submission to the IAC.

* Present during part of meeting.

EIC -M-74
31 July 1958

3. The Chairman announced that the Draft Seventh Annual Progress Report of the EIC had been distributed at the beginning of the meeting. He indicated that he hoped it would be possible to obtain concurrence on the draft by interim action and asked members to contact the Secretariat with their comments and concurrence by c.o.b. 11 August. He said that if a meeting were necessary to produce a coordinated report it would be called for 14 August.

4. The Chairman announced that Sino-Soviet Bloc Economic Activities in Underdeveloped Areas: 1 January - 30 June 1958 (EIC-R14-S5) is in draft form and is presently being reviewed by the full Working Group. The report is running close to schedule and it is hoped that a meeting can be held on Tuesday afternoon 12 August, to approve the final draft. It is anticipated that the draft will be delivered to the appropriate representatives by the close of business 8 August.

EIC EMERGENCY WAR PLANNING: 25X1A

5. Discussion: The Executive Secretary gave a brief account of his participation in the 1958 [REDACTED]. He indicated that the outcome of this experience pointed up the need for formal consideration by the EIC of plans for EIC reconstitution, interagency communication, and subsequent action in an emergency situation. Questions were invited and discussion followed.

6. Action: The Chairman recommended and the members approved the establishment of an EIC Ad Hoc Working Group on War Planning. The EIC charged the Working Group with examining the impact of war on the organization and functions of the EIC, examining problems that may arise at [REDACTED] and recommending procedures to meet these problems. The Working Group will refer to the basic recommendations of the IAC as set forth in IAC-D-96/2, 5 April 1956. The Executive Secretary was asked to chair the Working Group and to arrange for membership from State, the military services, ODCM, and CIA/RR.

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EIC-S-30, "SURVEY OF PROFESSIONAL PERSONNEL ENGAGED IN ECONOMIC INTELLIGENCE AND RELATED ECONOMIC RESEARCH ON SINO-SOVIET BLOC AND NON BLOC AREAS" (EIC-D-308)

7. Discussion: The Chairman summarized the background relating to the production of EIC-S-30, and there was discussion of some of the specific figures reported in the Survey. Army's external research contract figures, as reported in the Free World tables, were discussed with particular reference to the fact that to date Army had not asked for EIC review of any external research contract. The Army representative stated that insofar as he knew these contract figures represented work being produced for the NIS program;

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EIC-M-74
31 July 1958

that these contracts did not result in finished intelligence per se; and that he questioned the desirability of EIC review of NIS contract work. The Chairman stated that this required further consideration and that it might be appropriate for the EIC to report to the IAC the fact that external research contracts in support of NIS production are not reviewed by the EIC.

8. Action: The members agreed to a number of minor changes in EIC-S-30, including an ICA suggested substitution for two of the paragraphs in the "findings". The members further agreed that when produced the report should be transmitted by the Chairman to the IAC principals and to the non-IAC Associate Members as well as the IAC members of the EIC with a notation that the Survey might be useful to them as guidance in the planning and organization of their economic intelligence research activities and in obtaining assistance in specified fields from other agencies.

DISCUSSION OF MODEL TERMS OF REFERENCE FOR EIC SUBCOMMITTEES:
(EIC-D-304, EIC-D-304/1, and EIC-D-304/2)

9. Discussion: A draft letter to EIC Subcommittee Chairmen on the subject of Revision of Subcommittee Terms of Reference and the "Model Terms of Reference for Subcommittees of the Economic Intelligence Committee" attached thereto was reviewed by the EIC representatives.

10. Action: The draft letter to the EIC Subcommittee Chairmen and the "Model Terms of Reference for Subcommittees of the Economic Intelligence Committee" were approved with some modification.

REVIEW OF ACTIVITIES OF SUBCOMMITTEE ON ELECTRIC POWER AND SOLID FUELS: (EIC-D-314)

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11. Discussion: The Chairman of the Subcommittee on Electric Power and Solid Fuels [redacted] commented briefly on the Subcommittee's activities in the past year and indicated that the Subcommittee will continue its informal coordination activities and will undertake formal coordination when desirable.

12. Action: The Chairman of the EIC stated that he felt that the Subcommittee could serve as a useful forum for discussing some of the problems of economics of nuclear power production, and that an effort should be made to obtain an agreed statement of priority collection deficiencies in the field of electric power and solid fuels, particularly for the Soviet Bloc. It was suggested that the Subcommittee hold periodic formal meetings not only to prepare its annual report, but also to act as a clearing house for discussion of research work in its field.

EIC-M-74
31 July 1958

REVIEW OF ACTIVITIES OF SUBCOMMITTEE ON CHEMICALS: (EIC-D-313)

25X1A9a 13. Discussion: The Executive Secretary of the Subcommittee on Chemicals, [REDACTED] commented on the activities of that Subcommittee. He indicated that the SC has performed several useful functions during 1958, particularly with regard to consideration of proposals for exchange of delegations and the review of external research projects. Despite the divergence of interests on the part of the agencies represented, he felt that considerable success has been achieved in stimulating interest in the work of the Subcommittee, and that it is now and will continue to serve in a useful capacity.

14. Action: The Subcommittee Secretariat was commended for the manner in which it has met the challenge of reviving the SC. The Subcommittee was asked to review its Terms of Reference and to continue to review its priority research and collection deficiencies as appropriate.

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[REDACTED]

Executive Secretary